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If you have sold or transferred all your shares in Futong Technology Development Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or the transferee(s) or the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).



Futong Technology Development Holdings Limited

富通科技發展控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 465)

**DISCLOSEABLE AND CONNECTED TRANSACTIONS
AND CONTINUING CONNECTED TRANSACTION
IN RELATION TO
THE ESTABLISHMENT OF A JOINT VENTURE COMPANY**

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**



INCU Corporate Finance Limited

A notice convening an extraordinary general meeting of the Company to be held at Rooms 929-935, 9th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong at 10:30 a.m. on 3 March 2010 (Wednesday) is set out on pages 32 to 34 of this circular. Whether or not you are able to attend the extraordinary general meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the extraordinary general meeting or any adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the extraordinary general meeting or any adjourned meeting (as the case may be) should you so wish.

11 February 2010

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DEFINITIONS

In this circular, the following expressions shall have the meanings set out below unless the context otherwise requires:

“Announcement”	the announcement of the Company dated 22 January 2010 in relation to the establishment of the JV Company
“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Beijing Deep Thought”	北京深思軟件股份有限公司 (Beijing Deep Thought Software Co., Ltd.*), a company established under the laws of the PRC
“Board”	the board of Directors
“Centrin Data Systems”	中金數據系統有限公司 (Centrin Data Systems Co., Ltd.*), a limited liability company established under the laws of the PRC
“Company”	Futong Technology Development Holdings Limited, a company incorporated in Cayman Islands with limited liability, whose Shares are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	director(s) of the Company
“EGM”	extraordinary general meeting of the Company to be convened on 3 March 2010 to consider and, if thought fit, approve, among other things, the matters as set out herein
“Futong Dongfang”	北京富通東方科技有限公司 (Beijing Futong Dongfang Technology Co., Ltd.*), a limited liability company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“INCU”	INCU Corporate Finance Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Shareholders Agreement, the Proposed Annual Caps and the transactions contemplated thereunder. INCU is a licensed corporation under the SFO to conduct type 6 (advising on corporate finance) regulated activity
“Independent Board Committee”	the independent board committee of the Company comprising all the independent non-executive Directors

DEFINITIONS

“Independent Shareholders”	the shareholders of the Company other than Beijing Deep Thought, Mr. Zhang and their respective associates
“JV Company”	the joint venture company to be established pursuant to the Shareholders Agreement in Beijing, the PRC and subject to the final approval of the relevant authority, intended to be named 北京中金富通信息技術服務有限公司 (Beijing Centrin-Futong IT Services Co. Ltd.*)
“Latest Practicable Date”	8 February 2010, the latest practicable date prior to the printing of this circular for inclusion of certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Zhang”	Mr. Zhang Shu Dan, a PRC citizen
“PRC”	the People’s Republic of China, and for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Proposed Annual Caps”	the maximum aggregate annual amount of the shareholder’s loan and/or guarantees provided by Futong Dongfang to the JV Company pursuant to the Shareholders Agreement for each of the three years ending 31 December 2010, 2011 and 2012
“SFO”	Securities and Futures Ordinance (Cap.571) of the laws of Hong Kong
“Shareholder(s)”	holder(s) of the Share(s)
“Shareholders Agreement”	the shareholders agreement dated 22 January 2010 and made amongst Futong Dongfang, Centrin Data Systems, Mr. Zhang and Beijing Deep Thought in relation to, amongst others, the establishment of the JV Company and the provision of financial support by Futong Dongfang to the JV Company
“Share(s)”	ordinary share(s) of nominal value of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

Unless otherwise specified in this circular and for reference only, an exchange rate of HK\$1.00 to RMB0.8805 has been used for the conversion of RMB to HK\$ for the purpose of this circular.

** for identification purposes only*

LETTER FROM THE BOARD



Futong Technology Development Holdings Limited
富通科技發展控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 465)

Executive Directors:

Mr. Chen Jian
Ms. Zhang Yun
Mr. Guan Tao

Independent Non-executive Directors:

Mr. Lee Kwan Hung
Mr. Yuan Bo
Mr. Ho Pak Tai Patrick

Registered Office:

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman
KY1-1111
Cayman Islands

*Headquarter and principal place of
business in the PRC*

Units B1901 on level 19 and B2001
on level 20 of Tower B
Chaowaimen Office Center
No.26 Chaowai Street
Chaoyang District Beijing, the PRC

Principal place of business in Hong Kong

Rooms 929-935, 9th Floor
Sun Hung Kai Centre
30 Harbour Road
Wanchai
Hong Kong

11 February 2010

To the Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTIONS
AND CONTINUING CONNECTED TRANSACTION
IN RELATION TO
THE ESTABLISHMENT OF A JOINT VENTURE COMPANY**

INTRODUCTION

In the Announcement dated 22 January 2010, the Board announced that after trading hours on 22 January 2010, Futong Dongfang (an indirect wholly-owned subsidiary of the Company), Centrin Data Systems, Mr. Zhang and Beijing Deep Thought entered into the Shareholders Agreement pursuant to

LETTER FROM THE BOARD

which the JV Company is to be established in Beijing, the PRC. It is intended that the JV Company will be engaged principally in the design, implementation and solution provision regarding infrastructure of information systems, the provision of related services including testing, maintenance and technical support for information systems, and the sale and leasing of information systems products.

The establishment of the JV Company constitutes a discloseable and connected transaction of the Company under Chapter 14 and 14A of the Listing Rules and is subject to announcement, reporting and independent Shareholders' approval at a general meeting of the Company.

In connection with the establishment of the JV Company, Futong Dongfang agreed that it may provide financial support to the JV Company by means of shareholder's loan and/or provide guarantees to the JV Company for its external financing, the aggregate amount of which will not exceed RMB50,000,000. The provision of financial support and/or guarantees by Futong Dongfang to the JV Company is continuous in nature and constitutes a non-exempt continuing connected transaction of the Company under Chapter 14A of the Listing Rules, which is subject to announcement, reporting and independent Shareholders' approval at a general meeting of the Company under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Lee Kwan Hung, Mr. Yuan Bo and Mr. Ho Pak Tai Patrick, has been established to advise the Independent Shareholders in respect of the terms of the Shareholders Agreement, the Proposed Annual Caps and the transactions contemplated therein.

INCU has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Shareholders Agreement, the Proposed Annual Caps and the transactions contemplated therein. The Independent Shareholders will be asked to consider and, if thought fit, approve by poll the Shareholders Agreement, the Proposed Annual Caps and the transactions contemplated therein.

The purpose of this circular is to provide you with, among other information, (i) details of the Shareholders Agreement, the Proposed Annual Caps and the transactions contemplated therein; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders regarding the Shareholders Agreement, the Proposed Annual Caps and the transactions contemplated therein, (iii) a letter of advice from INCU to the Independent Board Committee and the Independent Shareholders in relation to the approval of the Shareholders Agreement, the Proposed Annual Caps and the transactions contemplated therein; and (iv) a notice convening the EGM.

THE SHAREHOLDERS AGREEMENT

Date

22 January 2010

LETTER FROM THE BOARD

Parties

- (i) Futong Dongfang;
- (ii) Centrin Data Systems;
- (iii) Mr. Zhang; and
- (iv) Beijing Deep Thought

Centrin Data Systems and its ultimate beneficial owners, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries are third parties independent of the Company and its connected persons and are not connected persons of the Company. Mr. Zhang is currently a Shareholder holding less than 10% of the Shares. Prior to entering into the Shareholders Agreement, each of Centrin Data Systems and Mr. Zhang has no past relationship with the Group and has not engaged in any other transactions with the Group.

Beijing Deep Thought is owned as to approximately 69.98% by a brother of Mr. Chen Jian, a controlling Shareholder and an executive Director and is deemed to be a connected person of the Company. Prior to entering into the Shareholders Agreement, Beijing Deep Thought is an existing supplier and customer of the Group.

Establishment of the JV Company

Under the Shareholders Agreement, the parties have agreed that the JV Company will be established in Beijing, the PRC. Subject to the final approval of the relevant authority, the JV Company is intended to be named 北京中金富通信息技術服務有限公司 (Beijing Centrin-Futong IT Services Co. Ltd.).

It is intended that when established, the JV Company will become an associated company of the Company, and be engaged principally in the design, implementation and solution provision regarding infrastructure of information systems, the provision of related services including testing, maintenance and technical support for information systems, and the sale and leasing of information systems products. The JV Company will be owned as to 40% by Futong Dongfang, as to 40% by Centrin Data Systems, as to 10% by Mr. Zhang and as to 10% by Beijing Deep Thought.

Pursuant to the Shareholders Agreement, Centrin Data Systems and Beijing Deep Thought shall transfer to the JV Company their existing employees who engage in duties relevant to the business of the JV Company.

Registered capital

The registered capital of the JV Company will be RMB50,000,000 (equivalent to approximately HK\$56,786,000), which will be contributed as to 40% (RMB20,000,000) by Futong Dongfang, as to 40% (RMB20,000,000) by Centrin Data Systems, as to 10% (RMB5,000,000) by Mr. Zhang and as to 10% (RMB5,000,000) by Beijing Deep Thought in cash.

LETTER FROM THE BOARD

The contributions to the registered capital of the JV Company shall be made by the joint venture partners of the JV Company in two instalments: (i) the first instalment of not less than 20% of their respective contributions to the registered capital shall be made within five days from the date of opening of a temporary bank account by the JV Company; and (ii) the balance of the contributions to the registered capital shall be made within one month from the date of establishment of the JV Company.

As the JV Company will become an associated company of the Group, its accounts will be consolidated into the financial statements of the Group by equity accounting.

The Group intends to finance its contribution to the registered capital of the JV Company by its internal financial resources. The total investment of the JV Company is RMB50,000,000.

Share pledge and future financing

The JV Company shall finance its operation through its internal resources or external financing. From the date of establishment of the JV Company until 31 December 2012, if the JV Company is in need of funds to operate its business and encounters difficulties in obtaining external financing, Futong Dongfang may subject to, inter alia, the following conditions and in the manner as permitted under the laws of the PRC and the Listing Rules provide financial support to the JV Company by means of shareholder's loan and/or provide guarantees to the JV Company for its external financing:

- (a) the JV Company to provide Futong Dongfang with the information on the use of the required funds and having obtained the approval from Futong Dongfang; the JV Company shall undertake to strictly use the funds for the specified use, which shall also follow the annual business plan and financing plan as approved by the board of directors of the JV Company;
- (b) the total aggregate amount of the shareholder's loan and/or guarantees provided by Futong Dongfang to the JV Company, shall not exceed RMB50,000,000;
- (c) other joint venture partners of the JV Company shall pledge to Futong Dongfang their shares of the JV Company in proportion to their respective shareholdings as guarantee for the shareholder's loan and/or guarantees provided by Futong Dongfang;
- (d) the interest rate applicable to the shareholder's loan provided by Futong Dongfang shall be determined by Futong Dongfang and the JV Company, but shall not be lower than and 20% higher than the benchmark interest rate for same period loan published by the People's Bank of China; and
- (e) the term of the shareholder's loan shall be determined by Futong Dongfang with reference to the proposed use, but shall not be longer than a period of 8 months.

LETTER FROM THE BOARD

Each of the Proposed Annual Caps for the years ending 31 December 2010, 2011 and 2012 will be RMB50,000,000 respectively, which is determined with reference to the business operation of the JV Company.

Apart from the contributions as set out above, there are no further capital commitments that are required to be contributed by the joint venture partners of the JV Company at this stage. If there are any further capital commitments required to be made by the joint venture partners to the JV Company, further announcements will be made as and when appropriate to comply with the relevant requirements under the Listing Rules.

Profit and loss sharing

The profit and loss of the JV Company will be shared by the joint venture partners of the JV Company in proportion to their respective contributions made to the registered capital of the JV Company.

Term

The JV Company shall have a term of operation of 10 years.

Board of directors of the JV Company

The board of directors of the JV Company will comprise five members, of which two will be nominated by Futong Dongfang, two will be nominated by Centrin Data Systems (and one of which shall be the chairman of the JV Company and the chairman shall be the legal representative of the JV Company) and one will be nominated by Mr. Zhang.

Purchase of equity interest of the JV Company

Within one year after the expiration of three full financial years commencing from the date of the establishment of the JV Company, Futong Dongfang shall be entitled, subject to the terms therein, to purchase the equity interest of the JV Company from the other joint venture partners if in any full financial year, the net profit of the JV Company reaches RMB50,000,000 or above.

In the event that Futong Dongfang shall exercise the right to purchase such equity interest from the other joint venture partners, Futong Dongfang shall issue an exercise notice to the relevant joint venture partners stating the equity interest intended to be purchased. Within 10 days upon receiving the exercise notice, the relevant joint venture partners and Futong Dongfang shall agree on the appointment of a reputable valuer to assess the value of the equity interest of the JV Company at the expense of the JV Company. The joint venture partners have agreed that in any event, such valuation shall not exceed 11 times of the historical investment amount on the relevant equity interest of the JV Company.

LETTER FROM THE BOARD

The Company will comply with the relevant requirements under the Listing Rules in respect thereof as and when appropriate.

Condition Precedent to the establishment of the JV Company

The establishment of the JV Company shall be conditional upon the obtaining of any consent, waiver and approval (if any) from the relevant governmental or supervisory authorities or third parties necessary to the entering into of the Shareholders Agreement and the transactions contemplated thereunder, including but not limited to the Shareholders approving the Shareholders Agreement and the transactions contemplated thereunder pursuant to the requirements under the Listing Rules.

INFORMATION ON CENTRIN DATA SYSTEMS AND BEIJING DEEP THOUGHT

Centrin Data Systems is a limited liability company established in the PRC and is a leading provider of outsourced information centre, information back-up and business continuity management services.

Beijing Deep Thought is a limited liability company established in the PRC and principally engaged in the provision of systems integration, technical support and maintenance services.

REASONS FOR THE SHAREHOLDERS AGREEMENT AND PROVISION OF FINANCIAL SUPPORT

The Group is principally engaged in the provision of IT solutions, the distribution of enterprise IT products and provision of IT technical support services in the PRC. The Group is pursuing to expand its exposure in the IT solutions, products and technical support services market in the PRC. The Directors consider that the establishment of the JV Company represents an opportunity to the Group in expanding its business in the PRC and the provision of financial support and/or guarantees to the JV Company could also enhance the overall development potential of the JV Company in the PRC market.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the establishment of the JV Company exceed 5% but are less than 25% and the total contributions thereof exceed HK\$10,000,000, and Beijing Deep Thought, a company which is owned as to approximately 69.98% by a brother of Mr. Chen Jian (a controlling Shareholder and an executive Director), is deemed to be a connected person of the Company, the establishment of the JV Company constitutes a discloseable and connected transaction of the Company under Chapter 14 and 14A of the Listing Rules and is subject to announcement, reporting and approval of independent Shareholders at a general meeting of the Company.

LETTER FROM THE BOARD

The provision of financial support and/or guarantees by Futong Dongfang to the JV Company is continuous in nature and constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios (as defined in the Listing Rules) in respect of the provision of financial support and/or guarantees by Futong Dongfang exceed 2.5% but are less than 25% and each of the Proposed Annual Caps thereof exceeds HK\$10,000,000, it is subject to announcement, reporting and independent Shareholders' approval at a general meeting of the Company under Chapter 14A of the Listing Rules.

Pursuant to the Listing Rules, Beijing Deep Thought (owned as to approximately 69.98% by a brother of Mr. Chen Jian, an executive Director, and as to approximately 17.49% by Ms. Zhang Yun, an executive Director), Mr. Zhang and their respective associates, hold in aggregate 231,000,000 Shares, representing approximately 74.22% of the issued share capital of the Company, are required to abstain from voting in the EGM with respect to the resolutions for approving the Shareholders Agreement, the Proposed Annual Caps and the transactions contemplated thereunder. As at the Latest Practicable Date, China Group Associates Limited, Rich China Investments And Trading Ltd. and Rich World Development Ltd., being associates of Beijing Deep Thought, hold an aggregate of 225,000,000 Shares, representing approximately 72.29% of the issued share capital of the Company and Mr. Zhang holds 6,000,000 Shares, representing approximately 1.93% of the issued share capital of the Company will abstain for voting in the EGM accordingly.

EGM

The Directors have resolved to convene the EGM to consider and, if thought fit by the Independent Shareholders, to approve the Shareholders Agreement, the Proposed Annual Caps and the transactions contemplated therein. The notice convening the EGM to be held at Rooms 929-935, 9th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong at 10:30 a.m. on 3 March 2010 (Wednesday) is set out on pages 32 to 34 of this circular.

Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting (as the case may be) should you so wish.

RECOMMENDATION

The Directors (including all independent non-executive Directors) consider that the business to be conducted by the JV Company is in the usual and ordinary course of business of the Company, the terms of the Shareholders Agreement (including the terms of the provision of financial support and/or guarantee) are entered into upon normal commercial terms following arm's length negotiations amongst the parties and that the terms of the Shareholders Agreement (including the Proposed Annual

LETTER FROM THE BOARD

Caps) are fair and reasonable are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including all independent non-executive Directors) recommend the Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Shareholders Agreement, the Proposed Annual Caps and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is drawn to the letter of recommendation from the Independent Board Committee, the letter of advice from INCU and the information set out in the appendix to this circular before making the voting decision.

Yours faithfully,
For and on behalf of the Board of
Futong Technology Development Holdings Limited
Chen Jian
Chairman



Futong Technology Development Holdings Limited

富通科技發展控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 465)

11 February 2010

To the Independent Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTIONS
AND CONTINUING CONNECTED TRANSACTION
IN RELATION TO
THE ESTABLISHMENT OF A JOINT VENTURE COMPANY**

We refer to the circular of the Company dated 11 February 2010 (“the **Circular**”), of which this letter forms a part. Unless the context requires otherwise, capitalized terms used herein shall have the same meanings as given to them in the section headed “Definitions” of the Circular.

We have been appointed by the Board as the Independent Board Committee to advise you as to whether, in our opinion, the terms of the Shareholders Agreement, the Proposed Annual Caps and the transactions contemplated therein are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

INCU has been appointed as the independent financial adviser to advise us and you regarding the terms of the Shareholders Agreement, the Proposed Annual Caps and the transactions contemplated therein. Details of its advice, together with the principal reasons and factors it has taken into consideration in giving its advice, are set out in its letter on pages 13 to 24 of the Circular. Your attention is also drawn to the letter from the Board as set out on pages 3 to 10 of the Circular and the additional information set out in the appendix to the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the terms of the Shareholders Agreement, the principal reasons and factors considered by, and the advice of INCU as set out in its letter of advice, we are of the opinion that the terms of the Shareholders Agreement, the Proposed Annual Caps and the transactions contemplated therein are fair and reasonable so far as the interests of the Company and Shareholders as a whole are concerned and are in the interests of the Company and its Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Shareholders Agreement, the Proposed Annual Caps and the transactions contemplated therein.

Yours faithfully,

For and on behalf of

The Independent Board Committee

Lee Kwan Hung Yuan Bo Ho Pak Tai Patrick

Independent non-executive Directors

LETTER FROM INCU

The following is the text of a letter prepared by INCU for the purpose of inclusion in this circular, in connection with its advice to the Independent Board Committee and the Independent Shareholders in relation to the Shareholders Agreement, the Proposed Annual Caps and the transactions contemplated therein.



INCUB Corporate Finance Limited

Unit 1602, Ruttonjee House
Ruttonjee Centre, 11 Duddell Street
Central, Hong Kong

11 February 2010

*To the Independent Board Committee and
the Independent Shareholders of*

Futong Technology Development Holdings Limited

Room 929-935, 9/F.,
Sun Hung Kai Centre,
30 Harbour Road,
Wanchai, Hong Kong

Dear Sirs,

**DISCLOSEABLE AND CONNECTED TRANSACTIONS
AND CONTINUING CONNECTED TRANSACTION
IN RELATION TO
THE ESTABLISHMENT OF A JOINT VENTURE COMPANY**

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the establishment of the JV Company and the provision of financial support by Futong Dongfang (an indirect wholly-owned subsidiary of the Company) to the JV Company pursuant to the Shareholders Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. The details of the Shareholders Agreement and the provision of financial support by Futong Dongfang to the JV Company are contained in the Letter from the Board in the circular of the Company dated 11 February 2010 (the “**Circular**”), of which this letter forms a part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless otherwise stated.

LETTER FROM INCU

We have been retained by the Company to advise the Independent Board Committee and the Independent Shareholders as to (i) whether the business to be conducted by the JV Company is in the usual and ordinary course of business of the Group; (ii) whether the terms of the Shareholders Agreement (including the terms of the provision of financial support and/or guarantees by Futong Dongfang to the JV company) are entered into upon normal commercial terms following arm's length negotiations amongst the parties and that the terms of the Shareholders Agreement (including the Proposed Annual Caps) and the transactions contemplated therein are fair and reasonable so far as the interests of the Company and the Shareholders as a whole are concerned; and (iii) to advise the Independent Shareholders whether to vote in favour of the ordinary resolution(s) in relation to the establishment of the JV Company and the provision of financial support by Futong Dongfang to the JV Company and the transactions contemplated thereunder.

Pursuant to the Shareholders Agreement, the registered capital of the JV Company will be RMB50,000,000, which will be contributed as to 40% by Futong Dongfang, as to 40% by Centrin Data Systems, as to 10% by Mr. Zhang and as to 10% by Beijing Deep Thought in cash. In connection with the establishment of the JV Company, Futong Dongfang agreed that it may provide financial support to the JV Company by means of shareholder's loan and/or provide guarantees to the JV Company for its external financing, the aggregate amount of which will not exceed RMB50,000,000.

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the establishment of the JV Company exceed 5% but are less than 25% and the total contributions thereof exceed HK\$10,000,000, and Beijing Deep Thought, a company which is owned as to approximately 69.98% by a brother of Mr. Chen Jian (an executive Director) and as to approximately 17.49% by Ms. Zhang Yun (an executive Director), is deemed to be a connected person of the Company, the establishment of the JV Company constitutes a discloseable and connected transaction of the Company under Chapter 14 and 14A of the Listing Rules and is subject to announcement, reporting and independent Shareholders' approval at a general meeting of the Company.

The provision of financial support and/or guarantees by Futong Dongfang to the JV Company is continuous in nature and constitutes a continuing non-exempt connected transaction of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios (as defined in the Listing Rules) in respect of the provision of financial support and/or guarantees by Futong Dongfang to the JV Company exceed 2.5% but are less than 25% and each of the Proposed Annual Caps thereof exceeds HK\$10,000,000, it is subject to announcement, reporting and independent Shareholders' approval at a general meeting of the Company under Chapter 14A of the Listing Rules.

The EGM will be convened to consider and, if thought fit, approve, among other things, the entering into of the Shareholders Agreement, the establishment of the JV Company, the Proposed Annual Caps and the transactions contemplated thereunder. Pursuant to the Listing Rules, Beijing Deep Thought, Mr. Zhang and their respective associates are required to abstain from voting with respect to the resolutions for approving the Shareholders Agreement, the Proposed Annual Caps and the transactions contemplated thereunder at the EGM. As at the Latest Practicable Date, China Group Associates Limited, Rich China Investments And Trading Ltd. and Rich World Development Ltd., being associates of Beijing Deep Thought, hold an aggregate of 225,000,000 Shares, representing approximately 72.29% of the issued share capital of the Company and Mr. Zhang holds 6,000,000 Shares, representing approximately 1.93% of the issued share capital of the Company.

LETTER FROM INCU

An independent board committee of the Company, comprising all the independent non-executive Directors, namely, Mr. Lee Kwan Hung, Mr. Yuan Bo and Mr. Ho Pak Tai Patrick has been established to advise the Independent Shareholders in respect of the Shareholders Agreement, the Proposed Annual Caps and the transactions contemplated thereunder. INCU has been appointed to advise the Independent Board Committee and the independent Shareholders.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied upon accuracy of the information and representations contained in the Circular and information provided to us by the Company and its management and the Directors. We have assumed that all statements and representations made or referred to in the Circular were true at the time they were made and continue to be true at the date of the EGM. We have also assumed that all statements of belief, opinion and intention made by the Directors in the Circular were reasonably made after due enquiry.

We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and have been confirmed by the Directors that there are no material facts and representations not contained in the Circular, the omission of which would make any statement in the Circular, including this letter, misleading. We have not, however, conducted any independent in-depth investigation into the business affairs, financial position or future prospects of the Group, nor have we carried out any independent verification of the information provided by the Directors and management of the Company. We consider that we have reviewed sufficient information to reach an informed view and to justify reliance on the accuracy of the information and representations contained in the Circular and to provide a reasonable basis for our recommendation regarding the establishment of the JV Company and the provision of financial support by Futong Dongfang to the JV Company. Apart from normal professional fees for our services to the Company in connection with the engagement described above, no arrangement exists whereby INCU will receive any benefits from the Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In giving our recommendations to the Independent Board Committee and the Independent Shareholders in respect of the establishment of the JV Company and the provision of financial support by Futong Dongfang to the JV Company, we have taken into consideration the following factors and reasons:

1. Background

On 22 January 2010 (after trading hours), Futong Dongfang (an indirect wholly-owned subsidiary of the Company), Centrin Data Systems, Mr. Zhang and Beijing Deep Thought entered into a Shareholders Agreement pursuant to which the JV Company is to be established in Beijing, the PRC.

LETTER FROM INCU

It is intended that the JV Company will be engaged principally in the design, implementation and solution provision regarding infrastructure of information systems, the provision of related services including testing, maintenance and technical support for information systems, and the sale and leasing of information systems products. Pursuant to the Shareholders Agreement, the registered capital of the JV Company will be RMB50,000,000, which will be contributed as to 40% by Futong Dongfang, as to 40% by Centrin Data Systems, as to 10% by Mr. Zhang and as to 10% by Beijing Deep Thought in cash.

In connection with the establishment of the JV Company, Futong Dongfang agreed that it may provide financial support to the JV Company by means of shareholder's loan and/or provide guarantees to the JV Company for its external financing, the aggregate amount of which will not exceed RMB50,000,000.

2. **Reasons for the Shareholders Agreement**

Principal business of the Group

The Group is principally engaged in the provision of IT solutions, the distribution of enterprise IT products and provision of IT technical support services in the PRC.

As disclosed in the prospectus of the Company dated 24 November 2009 (the "Prospectus"), the total turnover, gross profit and net profit of the Group for the six months ended 30 June 2009 were approximately HK\$1,183.9 million, HK\$107.4 million and HK\$35.1 million respectively.

Reasons for entering into of the Shareholders Agreement

As further elaborated under the section "Summary" in the Prospectus, the PRC IT industry represented only a small fraction of the worldwide IT industry in terms of the amount of IT spending from 2006 to 2008. However, that proportion is expected to continue to grow in the PRC on an accelerated level as anticipated by the International Data Corporation (IDC). According to the 2006-2020 National Information Technology Development Plan, the PRC government will encourage the development of IT industry in the PRC including the promotion of the use of IT in various enterprises, enabling electronic public services, developing advanced cultural network, facilitating a digital economy, improving information-based facilities and enhancing the competitiveness of IT industry in the PRC. The Directors are confident that the IT industry in the PRC continues to be one of the fastest growing markets in Asia, with the enterprise IT market in the PRC continuing to grow steadily. According to the China Statistical Yearbook 2009, the business volume of telecommunication services, government expenditure and total energy production increased by approximately 19.7%, 25.7% and 8.3% respectively from 2007 to 2008. The Directors believe that the Group's business operation in the PRC will benefit from the continued development in various sectors of the PRC economy.

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As a result of the foregoing, being one of the leading providers of cost effective IT solutions, quality enterprise IT products and comprehensive IT technical support services in the PRC, the Group intends to enhance its market leading position by formulating a series of development plans as set out below.

- Strategic extension of sales network and coverage
- Broadening of IT product range and procurement network
- Expansion of the IT service provision in the PRC

The Group is pursuing to expand its exposure in the IT solutions, products and technical support services market in the PRC. The Directors consider that the establishment of the JV Company represents an opportunity to the Group in expanding its business in the PRC and the provision of financial support and/or guarantees to the JV Company could also enhance the overall development potential of the JV Company in the PRC market.

In view of the principal business and the future business development of the Group as described above, the establishment of the JV Company and the business to be conducted by the JV Company is in the usual and ordinary course of business of the Group and we concur with the view of the Directors.

Descriptions of the JV partners

Parties to the Shareholders Agreement include Futong Dongfang, Centrin Data Systems, Mr. Zhang and Beijing Deep Thought.

Futong Dongfang is an indirect wholly-owned subsidiary of the Company. Its scope of business include commission-based agency and wholesale services of computer software and hardware products; production of assembled computers; technical development, technology transfer, technical services and technical consultancy in relation to computer software and hardware; sale of computers, hardware and in-house products as disclosed in the Prospectus.

Centrin Data Systems is a limited liability company established in the PRC and is a leading provider of outsourced information centre, information back-up and business continuity management services. Centrin Data Systems and its ultimate beneficial owners, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries are third parties independent of the Company and its connected persons and are not connected persons of the Company.

Mr. Zhang is currently a shareholder holding less than 10% of the Shares. Prior to entering into the Shareholders Agreement, each of Centrin Data Systems and Mr. Zhang has no past relationship with the Group and has not engaged in any other transactions with the Group.

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Beijing Deep Thought is a limited liability company established in the PRC and principally engaged in the provision of systems integration, technical support and maintenance services. Beijing Deep Thought is owned as to approximately 69.98% by a brother of Mr. Chen Jian (an executive Director) and as to approximately 17.49% by Ms. Zhang Yun (an executive Director) and Beijing Deep Thought is deemed to be a connected person of the Company. Prior to entering into the Shareholders Agreement, Beijing Deep Thought is an existing supplier and customer of the Group.

In view of the available hardware and services and the expertise to be contributed by each of Centrin Data Systems and Beijing Deep Thought, we are of the view that there will be synergetic effect under the joint venture cooperation and the Group will benefit from the arrangement.

3. Major terms of the Shareholders Agreement

Scope of business

Under the Shareholders Agreement, the parties have agreed that the JV Company will be established in Beijing, the PRC. Subject to the final approval of the relevant authority, the JV Company is intended to be named 北京中金富通信息技術服務有限公司 (Beijing Centrin-Futong IT Services Co. Ltd.).

It is intended that the JV Company will be engaged principally in the design, implementation and solution provision regarding infrastructure of information systems, the provision of related services including testing, maintenance and technical support for information systems, and the sale and leasing of information systems products.

Pursuant to the Shareholders Agreement, Centrin Data Systems and Beijing Deep Thought shall transfer to the JV Company their existing employees who engage in duties relevant to the business of the JV Company.

Shareholding structure

Pursuant to the Shareholders Agreement, the registered capital of the JV Company will be RMB50,000,000, which will be contributed as to 40% by Futong Dongfang, as to 40% by Centrin Data Systems, as to 10% by Mr. Zhang and as to 10% by Beijing Deep Thought in cash.

Board composition of the JV Company

The board of directors of the JV Company will comprise five members, of which two will be nominated by Futong Dongfang, two will be nominated by Centrin Data Systems (and one of which shall be the chairman of the JV Company and the chairman shall be the legal representative of the JV Company) and one will be nominated by Mr. Zhang.

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Registered capital and total investments

The registered capital of the JV Company will be RMB50,000,000 (equivalent to approximately HK\$56,786,000), which will be contributed as to 40% (RMB20,000,000) by Futong Dongfang, as to 40% (RMB20,000,000) by Centrin Data Systems, as to 10% (RMB5,000,000) by Mr. Zhang and as to 10% (RMB5,000,000) by Beijing Deep Thought in cash.

The contributions to the registered capital of the JV Company shall be made by the joint venture partners of the JV Company in two instalments: (i) the first instalment of not less than 20% of their respective contributions to the registered capital shall be made within five days from the date of opening of a temporary bank account by the JV Company; and (ii) the balance of the contributions to the registered capital shall be made within one month from the date of establishment of the JV Company.

The total investment of the JV Company is RMB50,000,000.

Profit and loss sharing

The profit and loss of the JV Company will be shared by the joint venture partners of the JV Company in proportion to their respective contributions made to the registered capital of the JV Company.

Purchase of equity interest of the JV Company

Within one year after the expiration of three full financial years commencing from the date of the establishment of the JV Company, Futong Dongfang shall be entitled, subject to the terms therein, to purchase the equity interest of the JV Company from the other joint venture partners if in any full financial year, the net profit of the JV Company reaches RMB50,000,000 or above.

In the event that Futong Dongfang shall exercise the right to purchase such equity interest from the other joint venture partners, Futong Dongfang shall issue an exercise notice to the relevant joint venture partners stating the equity interest intended to be purchased. Within 10 days upon receiving the exercise notice, the relevant joint venture partners and Futong Dongfang shall agree on the appointment of a reputable valuer to assess the value of the equity interest of the JV Company at the expense of the JV Company. The joint venture partners have agreed that in any event, such valuation shall not exceed 11 times of the historical investment amount on the relevant equity interest of the JV Company.

The Company will comply with the relevant requirements under the Listing Rules in respect thereof as and when appropriate.

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Condition Precedent to the establishment of the JV Company

The establishment of the JV Company shall be conditional upon the obtaining of any consent, waiver and approval (if any) from the relevant governmental or supervisory authorities or third parties necessary to the entering into of the Shareholders Agreement and the transactions contemplated thereunder, including but not limited to the Shareholders approving the Shareholders Agreement and the transactions contemplated thereunder pursuant to the requirements under the Listing Rules.

Having considered that each party's power to nominate director(s) of the JV Company, pro-rata contribution to the registered capital and the total investment amount of the JV Company (except for the financial support to be provided by Futong Dongfang to the JV Company as described below) and the sharing of profit/loss of the JV Company are in proportion to their respective shareholding in the JV Company, we are of the view that the terms of the Shareholders Agreement are fair and reasonable so far as the Group and the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

4. Major terms of the financial support by Futong Dongfang to the JV Company

Lender

Futong Dongfang.

Borrower

The JV Company.

Nature of financial support

By means of shareholder's loan and/or provide guarantees to the JV Company for its external financing.

Amount

The maximum aggregate annual amount of the shareholder's loan and/or guarantees provided by Futong Dongfang to the JV Company pursuant to the Shareholders Agreement for each of the three years ending 31 December 2010, 2011 and 2012 shall not exceed RMB50,000,000 ("Proposed Annual Caps").

Term

The term of the shareholder's loan and/or guarantees provided by Futong Dongfang to the JV Company shall be determined by Futong Dongfang with reference to the proposed use, but shall not be longer than a period of 8 months.

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Interest

The interest rate applicable to the shareholder's loan provided by Futong Dongfang and/or guarantees provided by Futong Dongfang to the JV Company shall be determined by Futong Dongfang and the JV Company, but shall not be lower than and 20% higher than the benchmark interest rate for same period loan published by the People's Bank of China.

Security

Other joint venture partners of the JV Company shall pledge to Futong Dongfang their shares of the JV Company in proportion to their respective shareholdings as guarantee for the shareholder's loan and/or guarantees provided by Futong Dongfang.

Intended use of the financial support provided by Futong Dongfang

The JV Company shall finance its operation through its internal resources or external financing. From the date of establishment of the JV Company until 31 December 2012, if the JV Company is in need of funds to operate its business and encounters difficulties in obtaining external financing, Futong Dongfang will provide financial support to the JV Company by means of shareholder's loan and/or provide guarantees in accordance with the terms as set out under the Shareholders Agreement and in compliance with the applicable PRC rules and regulations and the Listing Rules.

As advised by the Company, in case if the financial support provided by Futong Dongfang is utilized, it is intended to be used for i) setting up a testing centre accessing the reliability of the information systems; ii) the provision of IT outsource services, including hardware, software and other ancillary services; and iii) setting up a disaster recovery centre. The use of the financial support provided by Futong Dongfang will be determined by the board of directors of the JV Company with reference to the business operation of the JV Company and management estimate of the working capital needs of the JV Company and will be revised in accordance with the future development of the JV Company.

Based on the current estimation by the joint venture partners in relation to the future working capital requirement of the JV Company and their industry experience, although there is no past record for reference for determining the Proposed Annual Caps, the Directors believe that the Proposed Annual Caps has been determined on a fair and reasonable basis and are sufficient for the working capital purpose of the JV Company in accordance with the current business plans of the JV Company as stated above. Having considered the above factors, we are of the view that the Proposed Annual Caps are fair and reasonable so far as the Group and the Independent Shareholders are concerned.

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Other relevant clause

The JV Company is to provide Futong Dongfang with the information on the use of the required funds. Having obtained the approval from Futong Dongfang, the JV Company shall undertake to strictly use the funds for the specified use, which shall also follow the annual business plan and financing plan as approved by the board of directors of the JV Company.

Apart from the contributions from the joint venture partners of the JV Company and the financial support to be provided by Futong Dongfang to the JV Company as set out above, there are no further capital commitments that are required to be contributed by the joint venture partners of the JV Company at this stage. Further announcement will be made as and when appropriate to comply the relevant requirements under the Listing Rules.

Having considered the interest rate, repayment term, security pledged by other joint venture partners and intended use of the financial support to be provided by Futong Dongfang to the JV Company as mentioned above, we are of the view that the terms of the financial support to be provided by Futong Dongfang to the JV Company are on normal commercial terms and are fair and reasonable so far as the Group and the Independent Shareholders are concerned.

5. Reasons for the financial support by Futong Dongfang to the JV Company

The JV Company shall finance its operation through its internal resources or external financing. From the date of establishment of the JV Company until 31 December 2012, if the JV Company is in need of funds to operate its business and encounters difficulties in obtaining external financing, Futong Dongfang may subject to, inter alia, certain conditions and in the manner as permitted under the laws of the PRC and the Listing Rules provide financial support to the JV Company by means of shareholder's loan and/or provide guarantees to the JV Company for its external financing.

The Directors consider that given the funding requirements of the JV Company from time to time and possible difficulty to obtain external bank loans in the PRC by the JV Company given its newly startup background, it is desirable to provide financial support to the JV Company by Futong Dongfang which will benefit the JV Company to develop its business in the PRC IT industry.

Having considered that the principal factors and reasons for the financial support to be provided by Futong Dongfang to the JV Company as mentioned above, we are of the view that although the financial support to be provided by Futong Dongfang to the JV Company is not in the usual and ordinary course of business of the Group, the terms of which are fair and reasonable so far as the Group and the Independent Shareholders are concerned and on normal commercial terms, and are in the interests of the Company and the Shareholders as a whole.

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6. Financial effects

Assets and liabilities

As the JV Company will become an associated company of the Group, its accounts will be consolidated into the financial statements of the Group by equity accounting. The investment by the Group in the JV Company, i.e. RMB20,000,000, is not expected to have any significant immediate effect on the net assets of the Group.

Since the terms of shareholder's loan and/or guarantees provided by Futong Dongfang to the JV Company shall not be longer than a period of 8 months and the Group intends to finance its contribution to the registered capital of the JV Company by its internal financial resources, the financial support, if incurred, will be classified as an advance to an associate and current assets to the Group. Therefore, the financial support to be provided by Futong Dongfang to the JV Company is not expected to have any significant immediate effect on the net assets of the Group.

Gearing and cashflow

Based on the Prospectus, the gearing ratio of the Group for the six months ended 30 June 2009 was 78.97% (calculated on the basis of dividing current liabilities by current assets). Since both the establishment of the JV Company and the financial support to be provided by Futong Dongfang to the JV Company are not expected to have any significant immediate effect on the current assets of the Group, the gearing ratio of the Group will remain unchanged.

As at 31 December 2009, the unaudited cash and bank balances of the Group amounted to approximately HK\$167.2 million. In view of the contribution to the registered capital of the JV Company by Futong Dongfang (RMB20,000,000) and the financial support to be provided by Futong Dongfang to the JV Company (a maximum amount of RMB50,000,000), there will be a maximum amount of cash outlay of RMB70,000,000. Taking into account the internal financial resources and the unutilized banking facilities of the Group, the Directors believe that the Group has sufficient financial resources to satisfy the capital commitment. In view of the internal financial resources and the unutilized banking facilities of the Group, we concur with the Directors' view that the Group has sufficient financial resources to satisfy the capital commitment.

Earnings

As the JV Company will be a new startup, the investment by the Group in the JV Company is not expected to have any significant immediate effect on the earnings of the Group. However, given the business prospects of the PRC IT industry, the Directors believe that the JV Company could contribute positively to the Group's future financial performance.

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RECOMMENDATIONS

Having considered the abovementioned principal factors and reasons, we consider that (i) the establishment of the JV Company and the business to be conducted by the JV Company is in the usual and ordinary course of business of the Company; and (ii) the terms of the Shareholders Agreement (including the terms of the provision of financial support and/or guarantees by Futong Dongfang to the JV Company) are entered into upon normal commercial terms following arm's length negotiations amongst the parties and that the terms of the Shareholders Agreement (including the Proposed Annual Caps) and the transactions contemplated therein are fair and reasonable so far as the interests of the Company and the Shareholders as a whole are concerned. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolution(s) to be proposed in relation to the establishment of the JV Company and the provision of financial support by Futong Dongfang to the JV Company and the transactions contemplated thereunder at the forthcoming EGM.

Yours faithfully,
For and on behalf of
INCU Corporate Finance Limited
Gina Leung
Managing Director

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' and chief executive's interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, were as follows:

(i) Long positions in the Shares:

Name of Director	Capacity/nature of interest	Number of issued Shares held	Approximate percentage of the Company's issued share capital (%)
Mr. Chen Jian	Interest in controlled corporation	225,000,000 <i>(Notes 1, 2, 3)</i>	72.29
Ms. Zhang Yun	Interest in controlled corporation	42,631,650 <i>(Note 2)</i>	13.70

(ii) *Long position in the shares of China Group Associates Limited:*

Name of Director	Capacity/nature of interest	Number of issued shares held	Approximate percentage of the issued share capital (%)
Mr. Chen Jian	Beneficial owner	100	100.00

Notes:

- 153,947,250 of these Shares are held by China Group Associates Limited, the entire issued share capital of which is wholly and beneficially owned by Mr. Chen Jian. By virtue of the SFO, Mr. Chen Jian is deemed to be interested in the Shares held by China Group Associates Limited.
- 42,631,650 of these Shares are held by Rich China Investments And Trading Ltd., the entire issued share capital of which is owned as to approximately 66.67% by Mr. Chen Jian and approximately 33.33% by Ms. Zhang Yun. By virtue of the SFO, both Mr. Chen Jian and Ms. Zhang Yun are deemed to be interested in the Shares held by Rich China Investments And Trading Ltd.
- 28,421,100 of these Shares are held by Rich World Development Ltd., the entire issued share capital of which is owned as to approximately 81.67% by Mr. Chen Jian, approximately 13.33% by Mr. Guan Tao, approximately 3.33% by Mr. Xie Hui and approximately 1.67% by Mr. Jie Wen. By virtue of the SFO, Mr. Chen Jian is deemed to be interested in the entire 28,421,100 Shares held by Rich World Development Ltd.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests and short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

(b) **Substantial Shareholders**

So far as is known to the Directors and the chief executive of the Company, as at the Latest Practicable Date, the following persons (not being the Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who were, directly or

indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group:

(i) *Long positions in the Shares:*

Name	Capacity/nature of interest	Number of issued Shares held	Approximate percentage of the Company's issued share capital (%)
China Group Associates Limited (<i>Note 1</i>)	Beneficial owner	153,947,250	49.46
Rich China Investments And Trading Ltd. (<i>Note 2</i>)	Beneficial owner	42,631,650	13.70
Rich World Development Ltd. (<i>Note 3</i>)	Beneficial owner	28,421,100	9.13
Ms. Zhang Xin (<i>Note 4</i>)	Interest of spouse	225,000,000	72.29
Mr. Meng Huiqiang (<i>Note 5</i>)	Interest of spouse	42,631,650	13.70

(ii) *Interests in the registered capital of Beijing Futong Dongfang Unica Technology Co. Ltd.:*

Name	Capacity/nature of interest	Amount of registered capital interested	Approximate percentage of the registered capital (%)
Ms. Qu Weiwei	Beneficial owner	RMB450,000 (RMB225,000 of which has been paid up) (<i>Note 6</i>)	45.00

Notes:

- China Group Associates Limited is a company incorporated in the British Virgin Islands with limited liability which is wholly and beneficially owned by Mr. Chen Jian. Mr. Chen Jian is the sole director of China Group Associates Limited.
- Rich China Investments And Trading Ltd. is a company incorporated in the British Virgin Islands with limited liability which is owned as to approximately 66.67% by Mr. Chen Jian and approximately 33.33% by Ms. Zhang Yun. Ms. Zhang Yun is the sole director of Rich China Investments And Trading Ltd.

3. Rich World Development Ltd. is a company incorporated in the British Virgin Islands with limited liability which is owned as to approximately 81.67% by Mr. Chen Jian, approximately 13.33% by Mr. Guan Tao, approximately 3.33% by Mr. Xie Hui and approximately 1.67% by Mr. Jie Wen. Mr. Guan Tao is the sole director of Rich World Development Ltd.
4. Ms. Zhang Xin is the spouse of Mr. Chen Jian. Under the SFO, Ms. Zhang Xin is taken to be interested in the same number of Shares in which Mr. Chen Jian is interested.
5. Mr. Meng Huiqiang is the spouse of Ms. Zhang Yun. Under the SFO, Mr. Meng Huiqiang is taken to be interested in the same number of Shares in which Ms. Zhang Yun is interested.
6. As at the Latest Practicable Date, the total registered capital of Beijing Futong Dongfang Unica Technology Co. Ltd. was RMB1 million of which RMB500,000 has been paid up. Ms. Qu Weiwei owned 45% equity interest in Beijing Futong Dongfang Unica Technology Co. Ltd.

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executive of the Company were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group and none of the Directors held any directorship or employment in a company which has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. QUALIFICATION AND CONSENT OF EXPERT

INCUB, a licensed corporation under the SFO to carry out type 6 (advising on corporate finance) regulated activity, has given its advice which is contained in this circular. INCUB has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they appear. INCUB did not have any shareholdings, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group as at the Latest Practicable Date.

4. DIRECTORS' SERVICE CONTRACTS

Each of Mr. Chen Jian, Ms. Zhang Yun and Mr. Guan Tao, being all the executive Directors, has entered into a service contract with the Company pursuant to which they agreed to act as executive Directors for an initial fixed term of three years with effect from 11 November 2009, which shall be renewed and extended automatically for successive terms of one year upon expiry of the then current term. The appointment of each of the executive Directors may be terminated by either party by giving three months' written notice to the other expiring at the end of the initial term of the executive Directors' appointment or at anytime thereafter.

With effect from 4 December 2009, each of these executive Directors is entitled to the basic annual salary of RMB1,500,000 respectively (subject to an annual increment after 28 February 2011 at the discretion of the Directors of not more than 10% of the annual salary immediately prior to such increase).

In addition, each of the executive Directors is also entitled to a discretionary management bonus provided the aggregate amount of bonuses payable to all the executive Directors for any financial year of the Company shall not exceed 10% of the audited consolidated or combined net profit attributable to the shareholders of the Company (after taxation and payment of such bonuses but before extraordinary or exceptional items) in respect of that financial year of the Company. An executive Director may not vote on any resolution of the Directors regarding the amount of management bonus payable to him/her.

Each of Mr. Lee Kwan Hung, Mr. Yuan Bo and Mr. Ho Pak Tai Patrick, being all the independent non-executive Directors, has been appointed for an initial term of one year commencing from 11 November 2009. The appointment of each of the independent non-executive Directors may be terminated by either party giving three months' written notice to the other expiring at the end of the initial term or at any time thereafter. The appointments are subject to the provisions of the articles of association of the Company with regard to vacation of office of Directors, removal and retirement by rotation of Directors. With effect from 4 December 2009, each of the independent non-executive Directors is entitled to a director's fee of HK\$180,000 per annum. Save for Directors' fees, none of the independent non-executive Directors is expected to receive any other remuneration for holding their office as an independent non-executive Director.

As at the Latest Practicable Date, none of the Directors has had any existing or proposed contract of service with any member of the Group which is not expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

5. INTEREST IN CONTRACTS AND ASSETS

There is no contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date in which any Director is materially interested and which is significant in relation to the business of the Group. None of the Directors and expert referred in the paragraph headed "Qualification and consent of expert" in this appendix has, or has had, any direct or indirect interest in any assets which have been acquired, disposed of by or leased to, or which are proposed to be acquired, disposed of by or leased to, any member of the Group since 30 June 2009, the date to which the latest published audited financial statements of the Company were made up.

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 30 June 2009, the date to which the latest audited financial statements of the Company were made up.

7. COMPETING INTEREST

As at the Latest Practicable Date, a brother of Mr. Chen Jian (a controlling Shareholder and an executive Director) owned as to approximately 69.98% and Ms. Zhang Yun (an executive Director) owned as to approximately 17.49% of the issued share capital of Beijing Deep Thought, which is principally engaged in the provision of system integration services to end users in the PRC.

Incidental to the provision of system integration services to its customers, Beijing Deep Thought will also procure the requisite IT products for use of the systems for its customers. The business of Beijing Deep Thought may potentially compete with the business of the Group because both involve the provision of IT products to customers. Nevertheless, the Directors consider that the competition between the Group and Beijing Deep Thought is only nominal. Beijing Deep Thought is one of the Group's customers and suppliers of IT products only. The Group has its own independent management, sales and marketing teams and none of the directors, senior management or staff of Beijing Deep Thought is or otherwise involved in any of the Group's administrative, development, engineering, sales, marketing and customer service teams.

Save as disclosed above, as at the Latest Practicable Date, so far as the Directors are aware, none of the Directors or their respective associates had any other business or interest that competes or may compete with the business of the Group, or any other conflicts of interest which any of them has or may have which the Group must be disclosed under Rule 8.10 of the Listing Rules.

8. GENERAL

In the event of any inconsistency, the English text of this circular and the accompanying form of proxy shall prevail over the Chinese text.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the principal place of business of the Company in Hong Kong at Rooms 929-935, 9th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong during normal business hours on any weekday, except public holidays, from the date of this circular up to and including 3 March 2010:

- (a) the Shareholders Agreement;
- (b) the letter of recommendation from the Independent Board Committee to the Independent Shareholders as set out in this circular;
- (c) the letter of advice from INCU as set out in this circular;

- (d) the written consent from INCU referred to in paragraph headed “Qualification and consent of expert” in this appendix; and
- (e) the service contracts and/or appointment letters of each of the Directors referred to in the paragraph headed “Directors’ service contracts” in this appendix.

NOTICE OF THE EGM



Futong Technology Development Holdings Limited
富通科技發展控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 465)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of Futong Technology Development Holdings Limited (the “**Company**”) will be held at Rooms 929-935, 9th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong at 10:30 a.m. on 3 March 2010 (Wednesday), for the purpose of considering and, if thought fit, passing with or without modification the following resolutions of the Company:

ORDINARY RESOLUTION

“**THAT**

- (a) the shareholders agreement entered into amongst 北京富通東方科技有限公司(Beijing Futong Dongfang Technology Co., Ltd.*) (an indirect wholly-owned subsidiary of the Company) (“**Futong Dongfang**”), 中金數據系統有限公司 (Centrin Data Systems Co., Ltd.*), Mr. Zhang Shu Dan and 北京深思軟件股份有限公司 (Beijing Deep Thought Software Co., Ltd.*) on 22 January 2010 (the “**Shareholders Agreement**”) pursuant to which a joint venture company intended to be named 北京中金富通信息技術服務有限公司 (Beijing Centrin-Futong IT Services Co. Ltd.) (the “**JV Company**”) is to be established in Beijing, the PRC be and are hereby ratified, confirmed and approved;
- (b) the provision of financial support by Futong Dongfang to the JV Company as contemplated under the Shareholders Agreement by means of shareholder’s loan and/or provide guarantees to the JV Company for its external financing, with the proposed maximum annual caps for each of the years ending 31 December 2010, 2011 and 2012 being RMB50,000,000 be and are hereby ratified, confirmed and approved; and

* for identification purposes only

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- (c) the directors of the Company, acting together, individually or by committee, be and are hereby authorized to take such actions, do such things and execute such further documents or deeds which in their opinion may be necessary, desirable or expedient for the purpose of giving effect to and/or to implement the transactions contemplated in the above resolutions.”

Yours faithfully,
For and on behalf of the Board of
Futong Technology Development Holdings Limited
Yuen Kwok Hon
Company Secretary

Hong Kong, 11 February 2010

Principal place of business in Hong Kong:
Rooms 929-935, 9th Floor
Sun Hung Kai Centre
30 Harbour Road
Wanchai
Hong Kong

Notes:

- (1) Any member of the Company entitled to attend and vote at the EGM shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more Shares may appoint more than one proxy to represent and vote on his behalf at the EGM. A proxy need not be a member of the Company. On poll, votes may be given either personally or by proxy.
- (2) The instrument appointing a proxy shall be in writing under the hand of the appointer, or of his attorney duly authorized in writing or, if the appointer is a corporation, either under its seal or under the hand of an officer, attorney or other person authorized to sign the same.
- (3) The instrument appointing a proxy and (if required by the board of the Company) the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority shall be delivered to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the EGM.
- (4) Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the EGM convened, and in such event, the instrument appointing a proxy shall be deemed to be revoked.
- (5) A form of proxy for use at the EGM is enclosed.
- (6) Where there are joint holders of any share in the Company, any one of such holders may vote at the EGM either personally or by proxy in respect of such shares as if he was solely entitled

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thereto; but if more than one such joint holders be present at the EGM or any adjournment thereof personally or by proxy, then the one of such holders whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof in person or by proxy (as the case may be).

- (7) The voting on the above resolutions at the EGM will be conducted by way of poll.